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Ag Development Fund is evolving

Farmers get help in replacing tobacco

09/30/02

By [James Mayse](#)
Messenger-Inquirer

As state programs go, Kentucky's Agricultural Development Fund is still in its infancy.

The fund was created by the General Assembly in 2000 with money received from settling lawsuits lodged against tobacco companies by the states. The fund was created to provide financial backing to farmers interested in attempting new projects that would replace declining tobacco income.

To date, millions of dollars have been distributed to farmers across the state to help fund a variety of projects. The fund has provided grants for the West Kentucky Growers Cooperative -- an Owensboro area vegetable cooperative -- and has helped finance other state fruit and vegetable producers. The fund also has underwritten improvements to the state's cattle industry, funded farmer education and provided seed money for new farm ventures such as dairy and meat goat production.

Although some improvements in the state's farm community have been made, the state official who heads the fund said much more needs to be done.

"While we've made a major impact in the time we've had these programs on the ground, there are a large number of people who haven't experienced a positive impact," said John Mark Hack, executive director of the Governor's Office of Agricultural Policy. The office's goal, Hack said, is to get as many state farmers as

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possible to use the fund to attempt new projects.

"There is still a lot of work to do to revitalize a farm economy that's been dependent on a single cash crop for 70 years now," Hack said. "The need is far in excess of the dollars that are available. Now, we have a lot of work to do to reach farmers who haven't participated in the (fund)."

Farmers submit project ideas to county agricultural development boards, which review the applications, grade them based on county need and send them to the state board for approval or rejection. The counties also have been allocated a portion of the fund that can be distributed (with state approval) for projects.

In addition to the individual projects, the state board has backed several statewide projects, such as goat production, cattle genetics, forage improvement and a cost-share program for cattle handling facilities.

Kentucky is the largest cattle producing state east of the Mississippi River. Hack said the state investment in cattle production has the potential to make cattle a productive enterprise.

"We believe investment in our beef cattle herd to be some of the best investments we can make for a sustainable market across the state," Hack said. Diane Perkins, extension agent for agriculture in Hancock County, said the county's agricultural development board committed half of its \$300,000 in county funds to cattle initiatives.

Although results from cattle genetic improvement programs are still some time away, farmers have seen immediate results from the cattle handling fund.

"I've had so many people say how much safer they feel now that they have the proper equipment" to handle cattle, Perkins said.

The funds have also helped Hancock cattle producers buy the "best breeding stock" to improve the genetics of their herds, Perkins said.

"Because of the large number of cattle producers here in the county, the board felt like raising cattle is a good transition to make from raising tobacco," Perkins said.

Greg Comer, extension agent for agriculture in Ohio County, said 39 county farmers have received funds for cattle handling facilities, while 28 have participated in the genetic improvement program.

"We've had excellent participation," Comer said. "We had around \$55,000 we've spent on cattle handling and around \$20,000 was

spent on genetics. We've improved a lot of facilities, and have given the (cattle) producers a lot more market opportunities."

Farmers in 101 counties have received funding for cattle improvement projects -- for a total of \$7.104 million in state funds allocated, Hack said.

"Because it's only been a year, we're now beginning to get reports back on our cattle genetics and forage programs," Hack said. Most of the information Hack has received thus far has been anecdotal but has been positive, he said.

"The participation rates in (certified preconditioned health) sales have gone up significantly," Hack said. But the state office plans to gather as much data as it can on the genetics program to take back to the nonfarmers and legislators, he said.

"As the general public and the General Assembly ponder any further investments in this program, they have to be supplied with data to make informed decisions," Hack said.

Next year, the governor's agriculture office hopes to establish a pool of money that farmers can use as seed money, which, in turn, will help them get farm loans for new farm ventures. Commercial lenders, Hack said, "fill a critical role in rural Kentucky."

Although many farmers across the state have received funds for goat production, few of them are in the Owensboro area. Some Daviess County farmers have received funds for goat programs, but Perkins said no Hancock County farmers have shown an interest.

Comer said, as a rule, Ohio County farmers tend to evaluate programs carefully before committing to new farm ventures.

"They're not speculative type guys," Comer said. "You can only afford to lose so much money. ..."

The state has its own concerns about pumping cash into new and untried ventures. Hack said the state agricultural fund is financing multiple market assessments to gauge the viability of goat production, vermiculture (worm production), a wine and grape industry and edible soybeans, among others.

"The point of the assessments is to find out, for example, how many meat goats is enough meat goats, and get some answers to those questions," Hack said. So far, the state has avoided financing failures, such as ostrich and emu production.

"What we've learned from the ostrich, emu and llama experience is

we've got to get good data before we invest a whole lot of money in it," Hack said.

In the future, Hack said he would like to see the development fund become self-sustaining by issuing more low-interest loans that farmers will pay back. For the most part, the Agricultural Development Fund has strong support from the General Assembly -- but Hack said farmers cannot always bank on the fund's existence.

"I think we have broad support, but the agriculture community has to understand there are other needs," he said. "The ag community can't take for granted that everyone is going to be in support of this program through perpetuity.

"I say that because we always have to be aware that agriculture doesn't have any entitlement to this fund," Hack said. "The (commitment) will be maintained as long as it's justified. That's why we have to maintain high levels of public accountability."

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